
WTO and Agriculture

What's at Stake for New Mexico?

New Mexico produces agricultural and wood products that are exported worldwide. In 1997, the state's cash receipts from farming reached \$1.9 billion. Data for 1996 indicate that wood product shipments totaled \$276 million. These industries are important to New Mexico's economy. They create jobs on farms and in mills, and also support jobs in related sectors, such as food processing, transportation, and manufacturing.

New Mexico's agricultural exports were estimated at \$70 million in 1997. The top exports were:

- # feed grains and products -- \$19.1 million
- # live animals and red meats -- \$14.7 million
- # cotton -- \$14.2 million
- # vegetables and preparations -- \$6.7 million
- # tree nuts -- \$4.9 million

World demand for agricultural and wood products is increasing, but so is competition among suppliers. If New Mexico's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *fair access* to growing global markets.

New Mexico Benefits from Trade Agreements

New Mexico is already benefitting from a number of trade agreements. While there is still much to be done, examples of new market opportunities include:

- # With more than 40% of its farm receipts coming from cattle, New Mexico benefits from the Uruguay Round with a 38% reduction in the quantity of EU beef receiving export subsidies by 2000. Japan is reducing beef tariffs from 50% to 38.5%. Korea will eliminate its beef import quota by 2001 and reduce its tariffs to 40% by 2004. Under NAFTA, Mexico eliminated its 15% tariff on live slaughter animals, its 20% tariff on U.S. chilled beef, and its 25% tariff on frozen beef. Its 20% tariff on beef offal will be eliminated by 2004.
- # As a cotton producer, New Mexico benefits under NAFTA with new rules of origin that have increased demand for U.S. textiles in Canada and Mexico. Mexico will phase out its 10% tariff for cotton by 2004.
- # Under the Uruguay Round, major U.S. trading partners are reducing their tariffs 28% on average for wood products. Under NAFTA, Mexico is eliminating most of its tariffs on logs, softwood lumber, wood moldings, and plywood by 2004.

